

James M. Illig
President

Sonia E. Melara
Vice President

Edward A. Chow, M.D.
Commissioner

Margine A. Sako
Commissioner

David J. Sanchez, Jr., Ph.D.
Commissioner

Steven Tierney, Ed.D.
Commissioner

Catherine M. Waters, R.N., Ph.D.
Commissioner

HEALTH COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Gavin C. Newsom, Mayor

Department of Public Health



Mitchell H. Katz, M.D.
Director of Health

James M. Soos
Acting Executive Secretary

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MINUTES

HEALTH COMMISSION MEETING

Tuesday, February 3, 2009

At

4:00 p.m.

101 GROVE STREET, ROOM 300

San Francisco, CA 94102

1) CALL TO ORDER

Commissioner Illig called the meeting to order at 4:08 p.m.

Present: Commissioner James M. Illig, President
Commissioner Sonia E. Melara, Vice President
Commissioner Edward A. Chow, M.D.
Commissioner Margine A. Sako
Commissioner Catherine M. Waters, RN, Ph.D.

Absent: Commissioner David J. Sanchez, Jr., Ph.D. (excused)
Commissioner Steven Tierney, Ed.D. (excused)

2) APPROVAL OF THE MINUTES OF THE HEALTH COMMISSION MEETING OF JANUARY, 20, 2009

Action Taken: The Commission (Illig, Melara, Chow, Sako, Waters) approved the minutes of the January 20, 2009 Health Commission meeting with the correction that Commissioner Sanchez was present at that meeting.

3) DIRECTOR'S REPORT

House Passes \$819 Billion Economic Stimulus Package; Senate Expected to Consider it the Week of February 2

On January 28, the House of Representatives passed an \$819 billion Economic Stimulus package, portions of which may have a direct benefit for the Department. The Senate is scheduled to take up the legislation during the week of February 2. Specific provisions of the legislation that may prove beneficial for DPH include:

- \$20 billion for Health Information Technology, which could be used to develop an Ambulatory Electronic Health Record under development for Healthy San Francisco and to purchase medical record software for the newly rebuild Laguna Honda Hospital.
- A \$3 billion Prevention and Wellness Fund for chronic and infectious disease prevention, immunization, and other evidence-based disease prevention.
- \$87 billion in temporary Medicaid FMAP increases, which could benefit the Department for those Medi-Cal programs where San Francisco puts up the non-federal share of the Medicaid payment, including Short-Doyle mental health services, the AB 915 outpatient fee-for-service program, and the Distinct Part Nursing Facility supplemental payment program.
- \$900 million to prepare for pandemic influenza and to support development of countermeasures for chemical, biological, radiological, and nuclear threats.

In addition, the legislation extends the moratorium on seven Bush administration proposed Medicaid rules through June 30, 2009, which, if they had taken effect, could have cost San Francisco General Hospital more than \$29 million per year in lost Medi-Cal funding. Finally, the bill also provides a 65 percent subsidy for COBRA premiums for up to 12 months for workers who have been involuntarily terminated and a 100 percent federally-subsidized optional temporary State Medicaid for income-eligible individuals who are receiving or who have exhausted unemployment benefits.

DPH staff is working in conjunction with the Mayor's office, staff of other City departments, and our state and federal lobbyists to determine how San Francisco and DPH might benefit from this infusion of funding.

Ellen Wolfe to be Honored During Arbor Week

I am pleased to announce that the memory and life's work of Ellen Wolfe, DrPH, PNP, Director of Children's Medical Services, will be honored with a tree planting by Mayor Newsom during this year's Arbor Day observance on March 11. We are grateful to the Mayor and the Department of Public Works for selecting Dr. Wolfe to receive this honor as an acknowledgement of her work and commitment to the health of San Francisco's at-risk, disabled and underserved children. Dr. Wolfe died in August 2008.

Arbor Day is a nationally-celebrated observance that encourages tree planting and care. San Francisco's urban forest improves air quality, makes our neighborhoods more livable, safe and sustainable and increases property values. I hope the Commissioners will reserve this date and make plans to join the Mayor, family members, and friends from DPH and me for this event. More details will be forthcoming.

HIV Prevention update

The HIV Prevention Section has a new CDC grant to expand testing among African-American MSM (men who have sex with men) in San Francisco. The project, called Black Men Testing, will recruit 300 participants. Our goal is to identify the best ways to increase testing and linkages to care and support among African American MSM. Participants will be asked to refer both their sexual and social network partners for testing, counseling, and care. Vincent Fuqua, 554-9073, has details.

Methamphetamine is a major driver in the HIV epidemic. While we have medications to treat opiate, nicotine, and alcohol dependencies, there are no medications approved for methamphetamine addiction. "Project Bump" is enrolling persons at risk for HIV to determine if Aripiprazole, a medication used to treat psychiatric conditions, is effective in treating methamphetamine addiction and reducing HIV risk behaviors caused by meth use. Ninety persons will be enrolled in this NIH-sponsored study. All participants receive HIV testing and risk-reduction counseling. For more information, contact John Farley, 554-9065.

In collaboration with the HIV Epidemiology section, the HIV Prevention section conducted a population-level assessment of HIV viral loads among persons diagnosed with HIV in San Francisco. Elevated HIV viral loads are associated with increased mortality and morbidity and greater HIV transmission risk. The goal of HIV treatment is to suppress viral load. We found that the majority of treatment-eligible HIV-positive San Franciscans are on treatment and have suppressed viral loads. Persons seen by their healthcare provider at least every six months were twice as likely to have a low viral load compared with persons less engaged in care. Homeless persons were more likely to have an elevated viral load. To our knowledge, this is the first assessment of metropolitan-level data with regard to viral suppression in a community. We believe these data will help DPH better target both treatment and prevention resources.

Veterans Eligible For CBHS Mental Health Services

A new state law, AB3083 which took effect January 1, 2009, amended the Welfare and Institutions Code (Section 5600 - Target Population - Serious Mental Illness) to specifically stipulate that veterans in need of mental health services and who meet the existing eligibility requirements for public mental health services should not be denied services based solely on their status as a veteran, "Post-traumatic stress disorder" has also been added in the code as a specific mention of a serious mental disorder, qualifying individuals for county mental health services to the extent resources are available. The amended language also requires county mental health providers to advise veterans who may be eligible for mental health services under the US Department of Veterans Affairs and assist them in linking to those services, as well as consider contracting with veterans' services agencies, where possible, to provide high-quality veteran-specific services. CBHS central administration has started discussions with the regional U.S. Department of Veterans Affairs to begin facilitating access to behavioral health services for veterans at the VA.

HIV Prevention & Black History Month

February is Black History month and the HIV Prevention Section is co-sponsoring several events focusing on improving health equity, especially with regard to HIV among African Americans. The ongoing Black MSM Health Initiative is holding a summit for local and national leaders to consider how four domains—Sexual and Social networks, Isolation, Stigma, and Macro-environmental factors—contribute to risk behavior and higher HIV rates among Black men in San Francisco. Results will be used to develop new and innovative HIV Prevention programs. Also, on February 6th, Black HIV/AIDS Awareness Day, the HIV Prevention Section is co-hosting "Black Life Is Worth Saving," a forum addressing the strengths and challenges facing San Francisco and

the rest of the country as we develop interventions to increase health equity among African-Americans. Vincent Fuqua, 554-9073, has more information.

Legionella Research Wins Best Paper Award

The research paper "Legionella Reduction After Conversion to Monochloramine for Residual Disinfection" has been selected for the *2008 American Water Works Association Water Quality & Technology Division Best Paper Award*. The paper was authored by June Weintraub, Senior Epidemiologist in Environmental Health, and colleagues at the Centers for Disease Control, the California Emerging Infections Program, the California Department of Public Health, and the San Francisco Public Utilities Commission Water Quality Division. The study found that switching from chlorine to monochloramine for disinfection dramatically reduced Legionella colonization in buildings that receive municipal water. The paper abstract may be found at <http://www.awwa.org/publications/AWWAJournalArticle.cfm?itemnumber=35085>.

Peanut Butter Product Recall

As the Commissioners know, there has been a national recall of products containing peanut butter that may be contaminated with salmonella. Despite a series of nationwide and statewide alerts, some of the products being recalled have been found in vending machines operated in local facilities. This past week, we notified all City departments to check the inventory in their vending machines against the State's recall list of products distributed in California. Many vendors had already removed the recalled products and we found little evidence of potential contamination. A complete list of recalled food items sold in California can be found at <http://www.cdph.ca.gov/pubsforms/Documents/fdbFrPBList.pdf>.

It is important to note that peanut butter available in retail grocery stores is not implicated in this recall and is safe to consume. This recall applies only to peanut butter sold to commercial food processors. We will continue to work with state health officials to ensure that any contaminated peanut products are removed from local supply chains.

Safe in the City to be Included in 2008 Compendium

I am pleased to announce that an HIV prevention intervention developed and evaluated by Jeffrey Klausner, MD, Director of STD Prevention & Control, has been chosen for inclusion in the Centers for Disease Control and Prevention's (CDC) *2008 Compendium of Evidenced-based HIV Prevention Interventions*. The intervention, **Safe in the City**, www.safeinthecity.org, is one of eight new interventions added in 2008. To be included, programs must be scientifically proven to reduce HIV or STD-related risk behaviors, or promote safer behaviors. The *2008 Compendium* is a single source of information that informs prevention practitioners about what works and is critical to the nation's efforts to prevent the further spread of HIV infection.

Safe in the City is an educational video shown to patients in STD clinic waiting rooms. Patients who saw the video were 10% less likely to get a new STD than patient who did not see it. The video is now being shown at STD clinics across the US.

Dr. Katz added that he understands the concerns of community members regarding the closure of the ADHC at LHH, and is willing to sit down with them to discuss further, but that he believes the ADHC closure must move ahead as there are alternatives to the ADHC at LHH. In addition to the \$400,000 annual general fund reduction that this cut provides, there is a one-time savings of \$1.5 million to \$2 million with not completing the build out of the ADHC at LHH.

Commissioner Sako asked about when the decision must be made about the build-out. Dr. Katz explained that the capital budget works differently from services. The City has a lump sum capital budget that it prioritizes. He said that the decision would probably be made by the Mayor's office this spring, although it could be overturned by the Board of Supervisors. Commissioner Sako requested that the decision be presented to the LHH JCC.

Commissioner Illig asked about the Prop. T hearing scheduled for City Operations and Neighborhood Services on February 5. Dr. Katz responded that the Department is preserving what the ordinance requires, opiate replacement and residential, as they are the most effective and the most difficult to site if funding were to become available at a later date. However, as the Department reaches for \$100 million in fiscal year cuts, it may be difficult to honor.

Commissioner Illig asked about the capital projects budget for the Stimulus Package. Dr. Katz responded that the SFGH rebuild is fully funded, and the only other "shovel ready" project for the Department is health information technology, which the Department intends to pursue.

4) GENERAL PUBLIC COMMENT

Marie Jobling spoke against the closure of the ADHC at LHH. She offered that the community is willing to work with the Department to try to come to a solution. She added that the capital budget for furniture could be used.

Sandy Mori, Co-Chair of the LTCCC, spoke against the closure of the ADHC at LHH. She would like to explore other options with the Department.

Norma Satten thanked the Commission for their attention. She was present at the early discussions of the LHH rebuild where promises were made to expand the array of home- and community-based services. She feels it's a promise unkept. She also asked about how this fits into the lawsuits the Department has faced.

LaNay Eastman, SFADS Network, explained existing capacity and the transition of clients into new centers. It results in a new intake, and requires that individuals wait until there is an opening. She spoke against the February 20 closure.

Nancy Brundy of the IOA spoke about co-siting ADHCs with FQHCs. There is a model in Marin of a site run by a FQHC in Berkeley. The Department should look to this model. About 17 exist in California. They typically receive more revenue.

Elizabeth Zirker, of Disability Rights California, class counsel of the Chambers case spoke in favor of continued operation of the ADHC. She believes the settlement with DOJ includes expanding ADHC at LHH. Cutting community-based services goes against the Olmsted decision and the ADA.

Cathy Davis, BVHP ADHC urged the Department to use creativity to come up with a solution. The community is willing to work with the Department and the February 20 date doesn't work for the community. There are options available.

Bruce Allison of KPFA said that when he next does his report, he does not want to report that this center has closed.

Benson Nadell, Director of the Long-Term Care Ombudsman program said that the LHH ADHC has a large catchment area, many of whom live in RCFEs who come to the center to get their healthcare. He added that the ADHC is a community with continuity of care and relationships that should be preserved.

Marian Fields, RN at the BVHP ADHC spoke in favor of the atmosphere in which participants interact at an ADHC, and how it's like a second family.

Margaret Baran, In-Home Supportive Services Consortium, spoke against the ADHC closure. She noted that the LHH rebuild has "sucked up" all of the available long-term care dollars. Other possibilities must be explored such as less expensive furniture, redirecting capital funds, foregoing other expenses.

James Chionsini of Planning for Elders in the Central City noted that the aging population is increasing. A community-based program should not be cut in light of these statistics. Services should be augmented. Licenses are limited.

Kim Tsui of an ADHC in the Excelsior noted that she has a one-year waiting list for services and doesn't have the wheelchair or Alzheimer's capacity that the LHH ADHC has. On Lok is not an alternative for many of these clients because they can't keep their family doctors.

Commissioner Comments/Follow-Up

Commissioner Illig asked how many of the LHH ADHC clients have a place to go. John Kanaley of LHH noted that of the 88 clients, 22 clients have a new place to go, 66 do not. He noted that many of these people are having difficulty with placement, but they are working on other creative solutions, such as home care. Of the 66 remaining, 64 do not want to be part of PACE. He said that he will "not lock the door" on February 20 if participants do not have a place to go. Dr. Katz added that the Department is in discussion with PACE about the possibility of keeping a particular IHSS worker with a particular client, and are in talks with another ADHC without transportation about providing transportation or other resources. He did state, however that the decision about the closure has been made.

For Follow-up: Commissioner Illig requested an update on these 66 clients at each Commission meeting through the Director's Report. Commissioner Sako suggested that the LHH JCC be used for this purpose as well.

Commissioner Melara expressed her concern about the particular community being served. She asked the Department to consider how to preserve adult day services in the western part of San Francisco.

Commissioner Illig asked about the Fixtures, Furnishings, and Equipment (FFE) budget. Mr. Kanaley responded that it is budgeted through Certificates of Participation and Tobacco Settlement funds. It could be diverted, but it would mean less FFE. He added that only about three percent of the existing FFE will be transferred to the new LHH. In addition, the FFE being installed is not extravagant, so it would mean less FFE in the new building.

For Follow-up: Commissioner Chow noted that there are a series of possibilities, including that the Department house the program, but not run it, the license could be transferred to another entity, or another possibility. Dr. Chow asked for a follow-up report on these other possibilities.

Commissioner Illig noted that the rebuilt LHH is intended to be integrated into, not separate from the community. Without the ADHC, ADCRC, and the meal site, it will be difficult to integrate.

For Follow-up: Commissioner Sako requested a capital spending report to the LHH JCC.

5) FINANCE COMMITTEE REPORT

Commissioner Chow reported on the 2:00 p.m. meeting of the Finance Committee.

Action Taken: The Commission (Illig, Melara, Chow, Sako, Waters) approved the Consent Calendar of the February 3, 2009 Finance Committee with the exception of the Crestwood contract.

Public Comment

Debbi Lerman of the Human Services Network spoke about the 10 guiding principles of budget reduction strategies that her organization compiled. She noted that these are principles for the short-term fiscal crisis the City faces.

6) PRESENTATION OF THE FY 2009-2010 HEALTH DEPARTMENT BUDGET

Mitch Katz, M.D., Director of Health presented the FY 2009-2010 Health Department budget. Barbara Garcia, Deputy Director of Health presented the reductions to Community Programs. A copy of the presentation is attached as a part of these minutes.

Public Comment

Randolph Vanderford spoke about the treatment options that he was lured into as a patient seeking treatment options. He noted that Project STOP was the only program to provide him with reasonable services. He spoke against the cuts to Project STOP, and said that all outpatient and residential treatment should be modeled after them.

Angela Angstmann, Medical Director at Westside Community Services spoke against the cuts to Westside Crisis. She feels the cut to Westside is disproportionate compared to what other providers are facing. They are the City's sole back up for the City's most vulnerable populations.

Vincent Lao, RN for Westside Crisis Clinic, noted that the program is the backup primary provider for the safety net population. Clients are not receiving services elsewhere in the treatment system. They are seeing a higher level of acuity. They are more cost effective than a PES visit, and the only provider who can provide crisis intervention.

David Powell, Director of Adult Programs for Westside Community Services spoke in favor of the Westside Crisis Clinic. The Crisis Clinic is a safety net for patients who need immediate psychiatric care. They are working on getting grants.

Valerie Gruber spoke in favor of the UCSF Stimulant Treatment Outpatient Program. They serve meth and crack clients. Almost all patients have Medi-Cal. Half have HIV. They have laid-off almost all of their staff. It doesn't make sense to cut this program further.

Michael Siever, Director of Behavioral Health Services at the SF AIDS Foundation and member of the Mayor's Task Force on Crystal Meth spoke against the cuts to the programs that serve the meth amphetamine users. Meth amphetamine is a huge driver of the HIV epidemic. These clients are some of the most vulnerable and most at risk for HIV infection. These cuts will lead to more expensive care needs down the road.

Michael Discepola of the Stonewall Project spoke against the cuts for Stonewall, which serves MSM who use meth amphetamine. Studies show that for every dollar spent on drug treatment results in \$7 of savings downstream.

Sherilyn Adams spoke the \$60,000 cuts to Larkin Street Youth Services. To put this in context, they are also taking a cut from HSA and cuts to their private funding.

Marykate Connor spoke against the elimination of funding for Caduceus. She objects to the ongoing funding of services for Medi-Cal and eliminating funding for those who don't. Some of those without Medi-Cal are the most vulnerable.

Gerardo Ramos, Planning Director at the SF AIDS Foundation spoke in favor of continuing the subsidy program for HIV clients.

Wynship Hillier is a concerned citizen who expressed concern about the Department's ability to get funding from other sources and substituting it for General Fund. For example, he does not believe that the funding from Prop. 63 is reliable.

Jeff Mori noted that Asian American Recovery Services took a mid-year cut, and is slated to take a fiscal year cut as well. He spoke in favor of the budget principles that the Finance Committee considered. He believes that without oversight, behavioral health will disappear. The cuts have implications on criminal justice and public safety.

George Simmons of Catholic Charities reminded the Commission that housing is healthcare. A ten percent cut to housing subsidies represents 33 individuals who are in market rate housing. The \$225 is a real cut for those who will be forced to take it.

Commissioner Comment/Follow-Up

Commissioner Chow asked about the screening program for TB control. Dr. Katz noted the difficulty of follow-up with the PPD test, but the QuantiFERON levels are easier to follow-up. There will be a reduction in staffing, but no reduction in follow-up. With the Immunization Clinic, there is a requirement that it run cost neutral. Dr. Katz requested last year that they run at revenue positive, but with the decrease in travel, they will not produce a surplus. Finally, on item F-15, Ms. Garcia noted that they will still get general fund, and the Department will be working with those providers to draw down additional revenue. Finally, Dr. Chow noted the difficulty of primary providers to provide mental health services. Dr. Katz noted that in Ward 86, where he practices, there is a high degree of mental illness. Social workers on the ward are able to provide immediate assistance as part of a team with the ability to refer to psychiatric consult services, allowing primary care providers to manage patients with a high degree of mental illness. Dr. Chow asked whether those resources still exist in this budget. Dr. Katz responded in the affirmative, and that Ms. Garcia is working to get more out of those mental health resources.

Commissioner Sako asked about the percent increase of the UCSF COLA. Dr. Katz responded that we pay according to UCSF's union agreement. Mr. Sass responded that it's in the four to five percent area, but would send the information to the Commissioner. Commissioner Sako asked for an ongoing report on the amount of General Fund dollars that exist in new or renewed contracts. Dr. Katz responded that staff could provide a summary of where the General Fund is contained by division.

Commissioner Illig commended staff on their ingenuity in achieving the cuts presented. He did ask how the UCSF COLA linked with the UC Affiliation Agreement. Dr. Katz responded that they are separate. The COLA is for non-physicians, the cut to the Affiliation Agreement is for physicians. Commissioner Illig noted that he's going to look more closely this year at the regulatory, structural, and revenue-neutral budgets this year, and will schedule a meeting with Mr. Sass to understand their justifications. He wants to minimize cuts to services by reducing these other uses of additional revenue.

For Follow-up: Commissioner Illig requested that the justification on the budget sheets include the Commissioner's principle that is being followed. He asked whether the next budget report would include the full \$50 million of cuts that the Department will need to take. Dr. Katz and Mr. Sass responded in the affirmative.

7) OTHER BUSINESS

Commissioner Illig announced that he and Commissioner Melara have been visiting all of the Supervisors, and he will write up a summary of their visits.

8) 2009 COMMITTEE STRUCTURE AND MEMBERSHIP

Commissioner Illig announced the new Committee structure and membership:

CITYWIDE HEALTH PLANNING AND EFFECTIVENESS COMMITTEE (CHPEC)

Sonia E. Melara, MSW, Chair
Steven Tierney, Ed.D., Member
Margine A. Sako, Member
James M. Illig, Ex-Officio Member

3rd Tuesdays, 2:00 p.m. – 4:00 p.m.
101 Grove Street, Room 302

FINANCE COMMITTEE

Steven Tierney, Ed.D., Chair
Edward A. Chow, M.D., Member
James M. Illig, Member

1st Tuesdays, 2:00 p.m. – 4:00 p.m.
101 Grove Street, Room 302

JOINT CONFERENCE COMMITTEE FOR LAGUNA HONDA HOSPITAL (LHH)

Margine A. Sako, Chair
Sonia A. Melara, M.S.W., Member
James M. Illig, Member

3rd Wednesdays, Quarterly (Jan., Apr. July, Oct.) 3:30 p.m. – 5:00 p.m.
LHH Conference Room A-300

**JOINT CONFERENCE COMMITTEE FOR
SAN FRANCISCO GENERAL HOSPITAL (SFGH)**

Edward A. Chow, M.D., Chair
Catherine M. Waters, RN, Ph.D., Member
David J. Sanchez, Jr., Ph.D., Member

2nd Tuesdays, 3:00 p.m. - 5:00 p.m.
SFGH Conference Room 2A6

IHSS PUBLIC AUTHORITY

James M. Illig

S.F. HEALTH AUTHORITY

Catherine M. Waters, RN, Ph.D.

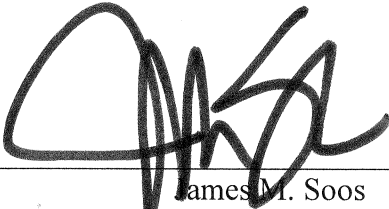
SFGH FOUNDATION

David J. Sanchez, Jr., Ph.D.

For Follow-up: Commissioner Illig announced that he would forward to all Commissioners an opinion from the City Attorney about how the Commission may take public comment.

9) **ADJOURNMENT**

The meeting was adjourned at 6:57 p.m.



James M. Soos
Acting Health Commission Executive Secretary

Attachment (1)

San Francisco Department of Public Health Budget Update FY 2009-2010

Budget Process – Introduction

In this first budget report to the Health Commission, we are presenting detail on several important components of the overall budget that we will ultimately submit to the Mayor's Office. These include:

- Structural needs where we are underfunded in the current year
- Regulatory requirements
- Inflationary issues
- Increases to revenues that serve to offset these expenses, and
- Reduction initiatives that can be presented at this time.

Budget Process – Health Commission

The Health Commission has taken an active and participative role in setting priorities and reviewing budget initiatives

At the October 21 meeting, the Health Commission adopted principles to guide development of the Department's budget

The Health Commission is reviewing these principles in the context of the unprecedented growth in the City-wide projected deficit and the level of reductions required from Public Health towards balancing the City budget.

Budget Process – Integration Steering Committee

The Integration Steering Committee consists of senior administrative and clinical leadership from the Department's delivery system.

This leadership group has continued to function as the Executive Budget Planning Committee for the department.

Guided by the principles adopted by our Health Commission, the Committee works collaboratively to identify and develop initiatives that work to the benefit of the entire Health Department and its clients.

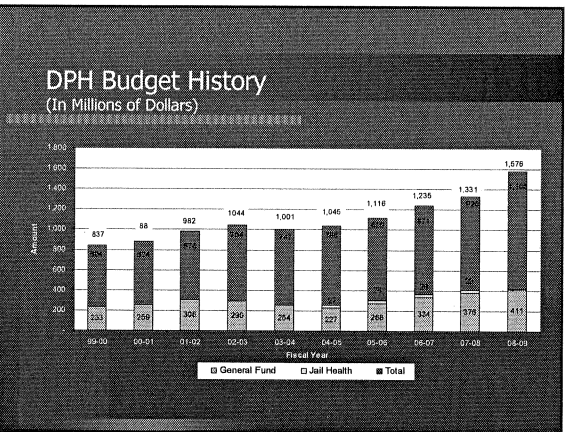
Citywide Budget

The City is projecting a \$460M shortfall for 2009-10

Departments are asked to submit a base budget with a 12.5% reduction in general fund and submit an additional 12.5% contingency reduction. The combined reduction would produce approximately \$300M in General Fund savings, which is short of the projected \$460M shortfall. The Mayor's budget office hopes to address the remaining shortfall with a combination of department consolidations, labor concessions, reduced capital expenditures and transfers from the rainy day reserve.

The Health Department's reduction target is \$50.08M base and \$50.08M contingency.

There is a City-Wide hiring freeze on all non-essential positions.



Status of 2008-09 Department Budget

We enter the 2009-10 budget process with an \$11.5M projected surplus.

This surplus is primarily a result of mid-year reductions taken in August and January.

Revenues are anticipated to exceed budget \$10.6M. This additional revenue has been programmed into our budget for the coming year.

Expenditures are projected to be within budget for the Department taken as a whole, however we continue to see overspending at our hospitals that is a result of underfunding of structural needs in the 2008-09 budget. These additional structural needs have also been included in our budget for the coming year.

Increased Revenues

Increased revenue provides funding to absorb structural, regulatory and inflationary costs and contributes funding to offset other budget issues.

Consistent with the first budget principle which states: *The Department shall develop a budget to include revenue increases to the maximum extent possible*, we are carefully evaluating all opportunities to grow our revenues.

Increased Revenues

Baseline Revenue – SFGH (A1)	\$15,968,905
Baseline Revenue – LHH (A2)	6,176,276
Adult Immunization and Travel Clinic Fee Revenue - AITC (A3)	(210,000)
Revenue from Supply Implants and ED – SFGH (A4)	648,584
SFGH Lien Recovery from Municipal Transportation Authority (A5)	<u>1,500,000</u>
Total Revenues	\$ 24,097,366

Inflationary Increases

We are anticipating the expected increase in costs of pharmaceuticals and rents and leases. In addition, we have a contractual obligation to fund the increased costs of non physician faculty that is provided by UCSF.

Following are the initiatives identified at this time.

Pharmacy Inflation – Dept Wide (B1)	\$1,526,764
Laundry contract increases – LHH (B2)	523,778
MIS Systems Inflationary Costs – CRHS (B3)	169,177
UCSF Non Clinician COLA – SFGH (B4)	702,154
Direct Access to Housing Master Lease and operating costs – DMH (B5)	<u>250,072</u>
Total Inflationary	\$3,171,945

Revenue Neutral Programs

One fortuitous aspect of our ability to generate revenue is that in a few cases we are able to create new services, which are funded entirely through revenues linked to the services.

	Expenditure	Revenue	General Fund
Emergency Medicine Residency Program – SFGH (C1)	\$297,575	\$297,575	\$0
ADAP Adjustment - Jail Health (C2)	175,979	175,979	0
Therapeutic Foster Care – CBHS (C3)	1,200,000	1,200,000	
Total Revenue Neutral	\$1,673,554	\$1,673,554	\$0

Regulatory Issues

SFGH is requesting funding for an infection surveillance worker to respond to new regulations that became effective 1-1-09 plus additional funding for increased lab testing :

Infection control position to conduct hospital wide surveillance – SFGH (D1)	\$143,000
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Structural Issues

There are a number of issues that are resulting in overspending for the current year.

As detailed in our financial reports to the Health Commission, we were not funded for certain structural needs identified last year, due to a lack of revenue growth and available General Fund.

The continued high patient volume at San Francisco General Hospital which exceeds budgeted census by 4.8%, results in increased costs of nurse staffing.

The high volume at SFGH has increased the need to find alternative placements for patients who cannot return to the community, and the costs of those placements continue to grow beyond our budgeted spending authority.

It is important to document these structural needs in our budget submission but recognize that it might not be possible to fully fund them.

Structural Issues

Salary Structural Fix - SFGH (E1)	\$5,031,536
Salary Structural Fix - LHH (E2)	2,174,262
Buprenorphine pharmacy costs - CBHS (E3)	502,560
Pharmaceuticals Structural Fix LHH (E4)	900,000
Community Placement Program Shortfall - CBHS MH (E5)	8,788,798
Salary Structural Fix - CBHS MH (E6)	935,000
Total Structural	\$18,332,096

Reductions in Spending

Security Outsourcing - Dept wide (F1)	\$2,711,130
Conversion of Acute Psych Unit to a Non-Acute unit - SFGH (F2)	1310,436
Reduction to UCSF Affiliation Agreement - SFGH (F3)	1542,678
30% Reduction to Health at Home - IJAH (F4)	970,852
Consolidations in disease and clinical activities - Disease Control (F5)	700,000
Health Services Reduction - AIDS (F6)	370,780
Staff Reduction - Jail Health (F7)	168,350
Leverage Short-Doyle Medi-Cal at 3 Supportive Housing Sites - IJAH (F8)	357,260
Increased client fees for HIV/AIDS - IJAH (F9)	559,360

Reductions in Spending

Prioritize Mental Health Services to persons with serious mental illness - CBHS (F10)	989,452
Additional reduction to Civil Service Staff CBHS (F11)	1,332,369
Administrative Position Reductions - CBHS (F12)	1,699,421
Community Programs Business Office Formation - CBHS (F13)	546,675
Redirection of Behavioral Health Services CBHS (F14)	1,039,533
Behavioral Health Contractor Reductions CBHS (F15)	4,147,957
Nursing Administrative Position Changes - LHH (F16)	52,355
Nursing Skill Mix Changes - LHH (F17)	171,063
Total Structural	\$18,669,669

Reductions to Community Programs

Budget Item	Civil Service FTE	Total Reduction FY08_09	Total GF Savings FY08_09	Total Reduction FY09_10	Revenue Loss FY08_09	Total GF Savings FY08_10	Section
CIP Business Office Formation	(4.00)	(2,948)	(7,264)	(474,025)		(474,025)	All
Administrative Position Reductions	(4.38)						
Administrative Positions Redirect to MH SA		(225,636)	(225,886)	(1,473,585)		(1,473,585)	CBHS
Additional Reductions to CBHS Civil Service Staff	(12.24)	(100,330)	(190,330)	(1,141,970)		(1,141,970)	CBHS
Prioritize Mental Health Services to persons with serious mental illness	(7.32)			(989,452)		(989,452)	CBHS
Subtotal Civil Service Reductions	(27.94)	(488,914)	(488,914)	(4,079,041)		(4,079,041)	

Reductions to Community Programs

Budget Item	Civil Service FTE	Total Reduction FY08_09	Total GF Savings FY08_09	Total Reduction FY09_10	Revenue Loss FY08_09	Total GF Savings FY09_10	Section
Leverage Short-Doyle Medi-Cal at 3 Supportive Housing Sites				(567,260)		(567,260)	IJAH
10% Reduction in HIV/AIDS Housing Subsidy Funding				(558,350)		(558,350)	IJAH
Behavioral Health Contractor Reductions				\$ (4,453,293)	\$ (285,336)	\$ (4,147,957)	CBHS
Redirection of Behavioral Health Services				(115,645)		(923,840)	CBHS
Total Contractors Reduction/Redirection Savings				(115,645)	(285,336)	(5,989,465)	
Total General Fund Savings	(27.94)	(604,459)	(604,459)	(10,252,842)	(285,336)	(10,857,506)	

Summary

Revenue Increases	\$24,097,366
Revenue Neutral	0
Total Revenue	24,097,366
Regulatory	(143,000)
Inflationary	(3,171,945)
Structural	(18,332,096)
Reductions	18,669,669
Total Regulatory, Inflationary, Structural, Reductions	(\$2,977,372)
Grand Total Revenue, Revenue Neutral, Regulatory, Inflationary, Structural	\$21,119,994
General Fund Base Reduction Target	50,080,000
Total General Fund Reduction remaining	<u>\$28,960,006</u>

Next Steps

Continue to refine Revenue, Revenue Neutral, Inflationary, Regulatory, and Structural items to minimize additional costs and identify revenue opportunities, with a goal of reducing funding need.

Identify cost reductions through re-programming of services, or reductions in administrative and service costs to deliver General Fund savings.

Return with a full budget presentation to the Health Commission as soon as we can.